

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF KEN-GAS OF KENTUCKY)	
FOR APPROVAL TO CONSTRUCT AND FINANCE)	CASE NO. 10346
A GAS SYSTEM TO SERVE THE CITY OF HYDEN,)	
KENTUCKY)	

O R D E R

On April 10, 1989, the Commission issued an Order in this case, directing Ken-Gas of Kentucky, Inc. ("Ken-Gas") to respond to requests for information. On April 24, 1989, Ken-Gas filed a response to the Commission's request for information. After a review of Ken-Gas's response, the Commission finds that Ken-Gas has failed to completely and adequately respond to questions 1, 3, 5, 6, 7, 9(d), 9(e), 9(f), 16, 21, 22, and 24 of the Commission's request. The Commission is also of the opinion that additional requests for information are necessary. Therefore, the Commission, on its own motion, HEREBY ORDERS AND COMPELS Ken-Gas to respond completely no later than 7 days from the date of this Order to the following questions that were not adequately answered in Ken-Gas's April 24, 1989 response and the supplemental request.

Ken-Gas shall file the original and six copies of the following information with the Commission, with a copy to all parties of record. Include with each response the name of the witness who will be responsible for responding to questions

relating to the information provided herein should a public hearing be required.

(Reference Order dated April 10, 1989)

1. Copies of the contractors' bids received.
3. A copy of the contract(s) between Contractor and Ken-Gas.
5. A copy of authorization from the city of Hyden and/or highway engineer and a detailed design with drawings of all pipeline crossings to Kentucky River, bridges, roads, and creeks.
6. A copy of the contract between Ken-Gas and the natural gas supplier. The contract should include but is not limited to:
 - a. Term of the contract.
 - b. Price of agreement.
 - c. Operating conditions.
 - d. Point of delivery and receiving station facility.
 - e. Odorization facility.
7. Ken-Gas's letter filed on March 21, 1989 stated that Kentucky West Virginia Gas Company is ready and able to provide 30,000 Mcf per year of natural gas to the city of Hyden. Ken-Gas estimated a higher consumption rate of 35,000 Mcf in 1989-1990 and higher consumption in subsequent years. Explain how Ken-Gas will supplement the shortage in natural gas if the estimates are correct.

9. With reference to the specifications and contract documents filed on September 27, 1988, provide the following information:

(d) The installation of the customers' service lines, fittings, regulators, and meters is included in the job description of the contract. Is Ken-Gas proposing to own and operate the customers' service lines?

(e) In response to the previous question, explain whether the cost of this portion will be reimbursed by the customers or whether Ken-Gas will file for a deviation from 807 KAR 5:022, Section 9(17)(a)2.

(f) Explain the procedure for tapping the service line to the main line. Will a positive shut-off device be installed at the tapping tee, or will a curb valve and curb box be used?

16. Provide the financial statements requested in Item 16 in the April 10, 1989 Order.

21. Item 21 of the April 10, 1989 Order requested engineering costs included in outside services. Your response includes \$5,000 for engineering costs, yet the account only shows \$2,000 for engineering costs. Is the \$5,000 part of the 5 percent you refer to in your response to Item 24(a) of the Commission's April 10, 1989 Order?

(a) If not, to what account will the \$5,000 be charged?

(b) If capitalized, over what period of time will the cost be amortized?

22. In your response to Item 22(b), you indicate another billing firm will be used. What is the cost for the billing services? Provide a copy of the contract.

24. (a) In your response to 24(a), you state that engineering costs are estimated at 5 percent of "hard" cost. Provide the dollar amount of such cost and include a copy of any correspondence/contract, etc., entered for such services.

(b) Explain how Ken-Gas plans to recover these costs.

Provide the revenue requirement impact.

Supplemental Request

1. How much will the net proceeds be from the sale of the bonds?

2. Provide the bond ordinance/resolution or if unavailable, provide a date by which Ken Gas will provide them.

3. Provide the dollar amount and descriptive breakdown for the legal expense and feasibility study.

a. State the purpose of the feasibility study.

b. What procedures will be used in the feasibility study?

4. What is included in the \$15,000 organization expense provided in your response to the Commission's November 28, 1988 Order?

Done at Frankfort, Kentucky this 24th day of May, 1989.

ATTEST:

Executive Director

PUBLIC SERVICE COMMISSION


For The Commission